

→ W. K. MARTIN



CATAWBA TIMBER COMPANY

Calhoun, TN 37309
615/336-2211 Telex: 55-8406

January 20, 1987

Mr. D. G. Dehlin
Land Administrator
Amselco Minerals Inc.
999 Eighteenth Street
Suite 1201
Denver, Colorado 80202

Dear Mr. Dehlin:

Re: Exploration Agreement with Option to
Purchase Dated September 1, 1985

As you requested, I am enclosing the original and a copy of the Memorandum of Exploration Agreement with Option to Lease which have been signed by Bowater Incorporated. After execution by Amselco, please return the signed copy to me for my file. I would also appreciate your furnishing me the recording information when the document has been recorded.

Very truly yours,

A handwritten signature in cursive script that reads 'Harvey M. Templeton, III'.

Harvey M. Templeton, III
Division Counsel

mlg
enclosure

Pat
Blackaby
Asst Dir Simpson
803-329-6653

George E. Sanders



10755463

Division of Bowater Incorporated

MEMORANDUM OF EXPLORATION AGREEMENT
WITH OPTION TO LEASE

NOTICE IS HEREBY GIVEN that **Bowater Incorporated**, a Delaware corporation, whose address is P.O. Box 7, Catawba, South Carolina 29704, successor in interest by mergers and who name changes to **Catawba Timber Company** (therein and hereinafter referred to as "Optionor"), and **AMSELCO EXPLORATION INC.**, a Delaware corporation whose address is 999 Eighteenth Street, Suite 1201, Denver, Colorado 80202 (therein and hereinafter referred to as "Amselco"), have entered into an Exploration Agreement with Option to Lease ("Agreement") effective as of the 1st day of September, 1985, with respect to the real property described in Exhibit A attached hereto and by this reference made a part hereof, which real property is therein and hereinafter referred to as the "Subject Premises." The total acreage of the Subject Premises shall be deemed to be 148.02 acres until such time as Amselco may reduce its holdings of the Subject Premises pursuant to the Agreement or until such time as a more accurate survey of the Subject Premises shall disclose a greater or lesser acreage constituting the Subject Premises hereby leased.

Under the terms of the Agreement, Optionor has granted to Amselco the rights of ingress and egress to and from, in, upon or under, all or any portion of the lands described on Exhibit A (hereinafter referred to as "Subject Premises") attached hereto and made a part hereof. Optionor has granted to Amselco the right from time to time to sample, to drill, to prospect, to trench and to do or make such other geological, geophysical, geochemical or other investigatory use thereof as Amselco deems necessary in its opinion adequately to sample, analyze, determine and otherwise search for deposits of minerals in an effort to determine mineral reserves in and under the subject Premises. For purposes hereof, "minerals" shall mean all metallic or non-metallic minerals and ores which contain mineral matter or

substances, now held or subsequently acquired by one or more of the parties, in and under the Subject Premises excluding only coal, oil, gas and associated hydrocarbon substances.

Option has further granted to Amselco, and its successors and assigns, the exclusive right and option to lease, in the manner as described in accordance with all other terms and conditions as set forth, in the Agreement.

Optionor has further granted, so long as certain conditions are met, more specifically set forth in the Agreement. For a period commencing as of the 1st day of September, 1985, and ending twelve (12) months thereafter (hereinafter referred to as "Primary Term") and in the event Amselco so elects, for two (2) immediately succeeding periods of twelve (12) months (hereinafter referred to in the singular as "Extended Primary Term").

IN WITNESS WHEREOF, Amselco and Optionor have executed this Agreement and affixed their seals effective the 20th day of January, 1987.

Executed in the presence of
the two undersigned witnesses:

Sue B. Morris L.S.

Mary P. Graham L.S.

Executed in the presence of
the two undersigned witnesses:

Suzanne Buckhalter L.S.

Jackie A. Collins L.S.

OPTIONOR
HOWATER INCORPORATED

By: Joe P. Simpson L.S.
Joe P. Simpson, President, Catawba
Timber Company Division

ATTEST: Harvey M. Templeton, III L.S.
Harvey M. Templeton, III
Assistant Secretary

AMSELCO
AMSELCO EXPLORATION INC.

By: A.P. Taylor L.S.
A.P. Taylor
General Manager/Exploration

Attest: D.C. Robinson L.S.
D.C. Robinson
Corporate Secretary

STATE OF TENNESSEE)
) ss. PROBATE
COUNTY OF McMINN)

PERSONALLY APPEARED before me Sue B. Morris,
who, being duly sworn, states that (s)he saw the corporate seal
of Catawba Timber Company affixed to the foregoing instrument and
that (s)he also saw Joe P. Simpson, President of Catawba Timber Company
of said corporation sign and attest the same and that (s)he with
Mary L. Graham witnessed the execution and
delivery thereof as the act and deed of said corporation.

Sworn to before me this 20th
day of January, 1987

Mary L. Graham
Notary Public for Tennessee

My Commission Expires: 1/31/90

STATE OF COLORADO)
) ss. PROBATE
COUNTY OF DENVER)

PERSONALLY APPEARED before me Suzanne Buckhalter,
who, being duly sworn, states that (s)he saw the corporate seal
of Amselco Exploration Inc. affixed to the foregoing instrument
and that (s)he also saw A.P. Taylor, the General Manager,
Exploration and D.S. Johnson, the Corporate Secretary of said
corporation sign and attest the same and that (s)he with
Jackie A. Collins witnessed the execution and
delivery thereof as the act and deed of said corporation.

Sworn to before me this 19
day of February, 1987

Annette C. Hellman
Notary Public for Colorado

My Commission Expires: 11/22/90